

CONFIDENTIAL

~~SECRET~~

Approved For Release 2004/06/24 : CIA-RDP79-00927A000400100002-7

OCI NO.

2747

17 December 1954

ED/EO

SPECIAL SUPPLEMENT TO THE

CURRENT INTELLIGENCE WEEKLY



DOCUMENT NO. 11

NO CHANGE IN CLASS.

DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: 1989

AUTH: HR 70-2

DATE: 24 Jul 79 REVIEWER:

25X1

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

CONFIDENTIAL

~~SECRET~~

*Library File
Copy 10 not*

State Dept. review completed

*228 508
Job 59-23
Box 11*

S 4128

Approved For Release 2004/06/24 : CIA-RDP79-00927A000400100002-7

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current situations. Comments and conclusions represent the immediate appraisal of the Office of Current Intelligence.

~~CONFIDENTIAL~~

A REVIEW OF SOVIET FOREIGN POLICY--JANUARY-NOVEMBER 1954

The opening of the Berlin conference on 25 January 1954 marked the end of the preparatory stage and the beginning of the action stage of the Malenkov regime's drive to shatter the Western coalition. The pattern of Soviet foreign policy, particularly as it was revealed by Molotov's actions at the Berlin and Geneva conferences and in Soviet moves to block ratification of the London-Paris accords, indicates a belief on the part of the Soviet leaders that the crucial decisions in the present phase of the East-West struggle will be made in Europe and that Germany remains the center of the conflict.

The corollary of this emphasis on European problems in the period under review was the subordination of Soviet-Communist interests and objectives on the most active Asian front--Indochina--to the demands of European policy. These demands governed Molotov's tactics at the Berlin conference and resulted in Communist willingness at the Geneva conference to sacrifice immediate military gains in Indochina to bring about a cessation of hostilities.

Objectives and tactics

The immediate objective of Soviet foreign policy during the period was to prevent the strengthening of the Western alliance by the integration of a rearmed West Germany; the longer-range objective was to isolate the United States from its major allies and, in this way, to disrupt the whole structure of Western defense. In pursuit of these objectives, the Soviet leaders concentrated their campaign on what they apparently regarded as the most vulnerable points in the West's position: (1) the overwhelming desire in France for an end to the Indochina war; (2) Western European, particularly French, fears of a rearmed Germany; (3) the fact that the West's defense structure and German policy were predicated on the indefinite continuation of the division of Germany; and (4) widespread fears, particularly in Western Europe, of a general war fought with nuclear weapons.

One of the Communists' primary propaganda methods for capitalizing on these vulnerabilities was to emphasize "peaceful coexistence." Moscow encouraged non-Communist nations to believe that continued strengthening of alliances around the Soviet Orbit was not necessary, that courses of action at variance with American policies would enhance national interests,

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

that small powers adjacent to the Soviet Orbit would be permitted to maintain their independence, and that Satellite states were being allowed to emerge from under Moscow's domination. Soviet strategy also suggested the actual meaning of "peaceful coexistence" for the USSR, that is, the avoidance of a general war and of irretrievable involvement in explosive local situations, accompanied by a refusal to retreat from the present frontiers of the Soviet Orbit. Malenkov and other top leaders spoke increasingly frankly during this period of the threat to world civilization of a war fought with nuclear weapons.

Exploitation of French weaknesses

Moscow obviously proceeded on the assumption that France was the weakest link in the Atlantic alliance and the most vulnerable on the question of German rearmament. The USSR, therefore, launched an offensive to induce France to break with American policy on German rearmament and integration, and eventually to detach France from the Atlantic alliance.

The USSR's policy aimed to make France serve as the main instrument of Soviet attempts to erect an insurmountable barrier to West German rearmament and integration. The Soviet leaders were compelled to follow this course of action because they were both unwilling and unable to grant the concessions that would be necessary to block German rearmament and integration by serious negotiations with the three Western powers.

The Berlin conference

Molotov displayed no intention of seriously negotiating settlements for either Germany or Austria at Berlin. His principal tactic was to evade concrete discussion of the details of a German settlement by using the conference as a forum for addressing appeals and sounding warnings to the French and West German people. His plan of attack focuses on the two most vulnerable points in the West's position at Berlin: France's fear of a rearmed Germany and its overwhelming desire for an end to the Indochina war. He made substantial concessions to reach an agreement to convene the Geneva conference, apparently on the assumption that the very fact of the agreement to discuss Indochina would deter the French from ratifying EDC in the interval.

Molotov's Berlin proposal for a European collective security system was intended to provide French and other opponents of German rearmament with an alternative to EDC. This

~~CONFIDENTIAL~~

proposal tacitly wrote off any settlement of the German problem for an indefinite period, thus confirming the division of Germany.

After the Berlin conference, the leaders of the Soviet bloc pressed the course of events toward an early showdown on Indochina and EDC. As the Geneva conference approached, the Communists intensified their pressure on Paris by increasing propaganda to stir up anti-French feeling in North Africa, by launching, on 15 March, the first phase of the Viet Minh's final assault on the fortress of Dien Bien Phu, and by sending Viet Minh forces into Cambodia for the first time on 1 April. This growing pressure appears to have been aimed at bringing about the replacement of the Laniel government by a regime willing to end the war at almost any price, and, even more important, to introduce a major reorientation in French policy in Europe. The fall of the Laniel government on 12 June marked the climax and success of this drive.

The Geneva conference

This objective governed the tactics of the Communist delegations at Geneva during the first month of talks on Indochina. They attempted to discredit Bidault's conduct of the negotiations and to turn the French public against the government's Indochina policy. They adopted an unyielding attitude and made no essential change in their basic position on Indochina, which was deliberately made unacceptable to Bidault. Meanwhile, the Viet Minh forces pressed their final assault on Dien Bien Phu and the outpost fell on 7 May. Molotov appeared confident that the fall of the fortress, together with the growing Viet Minh strength in the Tonkin delta and the continued intransigence of the Communist negotiators at Geneva, would eventually generate enough pressure to sweep Laniel and Bidault from power.

The climax of the Communists' pressure tactics was carefully timed to coincide with the crucial debate on Laniel's Indochina policy in the French assembly in early June. The government's only chance for survival rested on Bidault's bringing back from Geneva some prospect for an Indochina ceasefire. Molotov timed his 8 June speech to shatter this hope. The terms he proposed were virtually the same as the maximum terms first advanced in early May. The effectiveness of this maneuver was indicated when Bidault dryly remarked during the assembly debate on 10 June that "Molotov was an extra interpellator in this debate." On 12 June, although the vote against Laniel fell short of an absolute majority, the premier was forced to submit his resignation.

~~SECRET~~

This was followed by an abrupt shift in Communist tactics at Geneva. When it became apparent that Mendes-France was ready to make his bid for investiture, the Communists introduced concessions intended to strengthen his bid. On the following day, 17 June, the assembly confirmed Mendes-France as premier, with the Communist deputies casting their first vote in support of a French government since 1947.

The Soviet reaction underscored the great significance Moscow attached to these events and its hope that the emergence of Mendes-France would lead to a radical shift in France's European policy. The Soviet leaders appeared to see in the fall of the right-center government of Laniel and Bidault a turning point in postwar European politics which would open to Soviet diplomacy a growing field for maneuver.

With Mendes-France's 20 July deadline putting the issue squarely up to the Communist delegates at Geneva, Molotov and his allies agreed in last-minute negotiations to a number of concessions which made possible the conclusion on 21 July of three Indochina cease-fire agreements as well as a declaration of political principles.

Post-Geneva efforts against EDC

Following the conference, Communist propaganda used the Geneva accords to show the feasibility of negotiations and co-existence with the Soviet bloc. With an eye to the forthcoming French assembly debate on EDC, Moscow sent notes on 24 July to the Big Three in which it proposed calling within the "next few months" a European conference to consider Molotov's offer of a European security pact. These notes were followed by a call on 4 August for four-power talks on Germany.

On 25 August, the Polish ambassador offered a treaty of friendship and mutual assistance to France. The following day, the Soviet ambassador informed Premier Mendes-France that Moscow now felt there was a large measure of agreement between the Soviet and French positions on disarmament and stressed Moscow's desire for an international detente. These approaches were obviously aimed at those French elements which saw the prospect of further negotiation on Germany and disarmament as the best excuse for postponing action on rearming West Germany.

~~SECRET~~

Following the French assembly's rejection of the EDC treaty on 30 August, the Soviet Foreign Ministry on 9 September issued a statement which hailed this as a "profoundly patriotic act," reiterated the USSR's desire for a "strong and independent France," and argued that France would be reduced to the role of a second-rate power if Germany were allowed to rearm. This statement made it clear that the Soviet government would continue to rely, at least for the present, on France as the principal means of blocking West German rearmament. Moscow, however, tempered its satisfaction over the demise of EDC with a warning that the task of preventing West German remilitarization was far from completed.

The Soviet leaders may well have expected that the defeat of EDC would be followed by months of confusion and recrimination within the Western world. They appeared to believe that they could rely on public pressure in Western Europe to force changes in official policies regarding Germany and could stimulate this pressure simply by continuing verbal support of a four-power conference on Germany, a European collective security system, and settlement of the armaments problem.

The London-Paris accords

The Soviet government was apparently surprised by the prompt and far-reaching agreements achieved at the nine-power London conference (28 September to 3 October). The USSR probably hoped that Vyshinsky's carefully timed disarmament proposals in the United Nations on 30 September would disrupt the conference. That these proposals were addressed primarily to France was evident in Molotov's action in giving an advance copy of the plan to the French ambassador the day before Vyshinsky's speech. The Soviet foreign minister's accompanying remark that "account must be taken of the German problem" was an obvious hint that disarmament talks would provide a convenient pretext for postponing final agreement to rearm Germany.

The Soviet leaders reacted promptly and dramatically to the London agreements. Two days after the end of the conference, Molotov flew to Berlin to deliver a speech at the celebration of the fifth anniversary of the founding of the German Democratic Republic. He followed this with a week-long tour of East Germany. These unprecedented gestures emphatically reaffirmed Moscow's continuing support of the East German regime in the face of Western decisions to rearm West Germany and bring it into NATO. Molotov's speech warned the West Germans that they faced a fateful choice. "If West Germany is incorporated in aggressive military

alignments," he declared, "the German nation will remain partitioned for a long time to come."

In this speech, Molotov also tried to give the impression of greater flexibility on German questions by stating that the USSR was ready to discuss "both the problems brought up earlier by the participants at the Berlin conference as well as any new proposals which may be made on the problem of free, all-German elections."

The relative caution of Molotov's attacks on the London agreements probably reflected a recognition that the chances of sabotaging them were considerably less than in the case of EDC. Moscow failed to advance any new substantive proposals in the crucial period between the London and Paris conferences which might have upset the London decisions and forestalled final agreement at Paris on 23 October. This display of Soviet inaction furthermore was impressive evidence of the immobility and sterility of Soviet policy toward Germany. On 23 October, a few hours after the protocols had been signed in Paris, Moscow made a belated and ill-timed effort to counter the Paris conference by sending a note to the Western powers proposing a four-power conference in November. The main purpose of this note appears to have been to attempt once more to create the impression that the Soviet attitude on German questions would be different from what it was at the Berlin conference if the London-Paris agreements were not put into effect.

The Orbit security conference

Moscow reacted to the Paris accords by addressing a proposal on 13 November to all the European countries with which it has diplomatic relations and to the United States and China calling for a conference on European collective security to be held in Paris or Moscow on 29 November.

Following the West's prompt rejection of this proposal, Molotov offered in a Pravda "interview" on 20 November to postpone the European security conference if the West would delay ratification of the Paris agreements. This move was apparently intended to provide additional justification for convoking the Orbit security conference in Moscow.

The USSR's underlying purpose in convening the Orbit security conference in Moscow on 29 November was to prepare to meet the situation following ratification. In opening the conference, Molotov warned that if the Western powers

ratify and implement the Paris agreements, the Soviet bloc will be "compelled to take effective measures for self-defense, for the prevention of attack" and suggested that the participating states "carry out joint measures in organizing the armed forces and their command." The second principal theme of this meeting was reflected in Molotov's statement that the conference "would be an important stage in establishing a system of collective security." Premier Grotewohl of East Germany warned that if a West German army were formed, East Germany would be obliged to "create national armed forces," but this statement was not included in the final declaration. The declaration issued on 2 December was cast in vague and general terms, apparently in order to permit the Soviet government relative freedom of action.

The failure of the Moscow conference to produce any new proposals on Germany, Austria, or European security which might have created difficulties in the ratification process in Paris and Bonn strengthens the conclusion that the conference was staged primarily to dramatize the Soviet thesis that the West will bear the entire responsibility for the consequences of rearming West Germany and to lay the groundwork for the creation of an Eastern security system, including an East German army, to counterbalance the build-up of West German military power.

Policy toward Germany

Following the Berlin conference, Moscow moved quickly to enhance the prestige and ostensible freedom of the East German government in order to promote it as a partner in all-German and international negotiations and to generate West German frustration with Adenauer's delay in gaining full sovereignty of the Federal Republic. At the same time, the Soviet leaders, by repeatedly insisting that the integration of West Germany in the Western alliance will seal the permanent division of Germany, have tried to encourage the emergence of a government in Bonn favorably disposed to co-operate with the USSR.

Policy toward Britain and Europe

Soviet policy toward Britain continued to rest on the assumption that there are irreconcilable conflicts of interest between the United States and Britain which eventually will lead to a serious cleavage. During the first part of the Geneva conference, Molotov adopted an attitude considerably more cordial toward the United Kingdom than toward France

or the United States. Soviet propaganda stressed the reasonable attitude of the United Kingdom in contrast to that of the United States and of France under Laniel and, at the end of May, praised the efforts of British diplomacy. More recently, Soviet moves toward Britain were directed at strengthening opposition to the government's policy on German rearmament. Left-wing Labor opinion was apparently singled out as the most promising field for exploitation.

The USSR directed an intensified campaign of conciliation toward the Scandinavian countries in which the most significant moves included Soviet naval visits to Stockholm and Helsinki in July, the awarding of the Order of Lenin to President Paasikivi on the tenth anniversary of the Soviet-Finnish armistice in September, better treatment of Swedish and Danish fishermen in the Baltic, and a growing exchange of commercial, trade union and cultural delegations.

Soviet bloc relations with Yugoslavia have improved steadily since the summer of 1953, largely because of Soviet initiative. There has been a decided relaxation of pressure on the Tito regime. Apparently no serious attempt has been made to entice Belgrade back into the Orbit, although some maneuvers were apparently designed to arouse Western suspicions of the Belgrade regime. This effort seems to have the purpose of arresting the growth of Yugoslav-Western co-operation and plans for Balkan defense, and of demonstrating Moscow's desire to reduce tensions and to recognize the independence of small powers adjacent to the Orbit.

Policy toward the Middle East

Soviet actions in the Middle East were aimed at preventing or at least retarding an American-sponsored regional defense arrangement. Two sharply worded notes to Turkey and Pakistan showed Moscow's displeasure over the incipient Turkish-Pakistani military agreement. Despite these efforts, Soviet diplomacy in the Middle East suffered two reverses during July. The USSR was unable to prevent Egyptian acquiescence in an agreement for the return of British forces to the Suez base in the event of an attack on any of the Arab League states or Turkey by a "third power." It also failed to obtain assurances that Iran would not participate in the Turkish-Pakistani military pact.

SECRET

By late autumn, there were increasing signs that the Soviet leaders had decided to adopt a different approach toward Turkey and Iran in particular.

25X1

These gestures were accompanied by a series of unusually friendly broadcasts stressing the "historical ties" between Turkey and the USSR and the mutual benefits which would result from close cultural and economic ties. On 2 December, Moscow signed a treaty with Iran settling border and financial disputes which had long disturbed Soviet-Iranian relations.

The Malenkov regime's attitude toward India seems governed primarily by a desire to encourage India's aspirations to play a moderating and mediatory role between the two power blocs. Malenkov's special tribute to Nehru in March was a good example of the play Soviet leaders have been making for Indian sympathy with their opposition to American policy in the Middle East, Southeast Asia, and the Far East. Moscow made much of the Chou-Nehru "Five Principles" as a key to relations between Communist and non-Communist states, Nehru was invited to visit the USSR, and Moscow showed a growing interest in expanding technical assistance activities in India.

Policy toward the Far East

The Soviet leaders also undertook some important moves to gain greater influence in Indonesia. The first Soviet ambassador, who arrived in Djakarta in September, has been encouraging Indonesian cultural and technical groups to visit the USSR.

Soviet policy toward Japan indicates that the Soviet leaders anticipate changes in Japanese policy in the direction of an economic and political accommodation with the Orbit. Moscow's and Peiping's actions during 1954 suggest that they do not believe there are sufficient advantages to be gained in the immediate future to justify meeting Japanese conditions for a resumption of normal diplomatic relations. The Communist states are instead biding their time in the

SECRET

~~SECRET~~

conviction that Japan's pro-Western policy must eventually fail as a consequence of the logic of economic and political factors and the rise of nationalism.

Molotov's statement to a Japanese paper on 11 September made clear once again that the price for any real concessions was severance of Japan's ties with the United States. This position was well summarized in the 11 October joint Sino-Soviet statement which demanded that foreign troops should be evacuated from Japan and that Japan should be allowed to establish friendly trade relations with all Asian countries.

The USSR and Communist China presented a solidly united front to the West during 1954. There were no signs of any serious cleavage on world or Asian policy with the possible exception of differences over lines of action regarding Formosa. In general, Moscow portrayed Peiping as the dynamic "junior partner" in the Communist bloc, the Far Eastern leader of the Communist movement and a model for revolutions in colonial and semicolonial Asian countries, and a rightful participant in major international deliberations.

The Sino-Soviet relationship was therefore characterized by a continuation of a modest level of Soviet economic assistance, including, however, high-priority items available to China from no other source. The relationship also suggested a Soviet desire to avoid involvement in potentially explosive situations in Asia, Soviet willingness to advance China's position in world affairs, and a possibly grudging recognition of the Chinese leaders' claim to a distinctive ideological status in the Communist world.

This pattern of relationships was most clearly delineated in the joint statement issued on 11 October at the end of the Peiping celebration of the fifth anniversary of the creation of the Chinese People's Republic which was attended by an impressive high-level Soviet delegation headed by Khrushchev. The statement announced an additional \$130,000,000 Soviet loan to China, and plans to construct a railroad across Central Asia and another through Mongolia. The joint stock companies formed in 1950 and 1951 for the exploitation of oil and minerals in Sinkiang, shipbuilding and repair in Dairen, and the operation of a civil air line are to be returned to Chinese control beginning 1 January 1955 with compensation to the USSR.

Moscow's military policy toward China and on Asian issues was reflected in Khrushchev's speech in Peiping and also emerged in the other major provision of the 11 October

~~SECRET~~

~~CONFIDENTIAL~~

communiqué covering the scheduled withdrawal of Soviet troops from Port Arthur and the return of the installations there to China without compensation by 31 May 1955. This provision was included at Soviet request, according to a Peiping commentary. While this step is in part a recognition of China's growing military capabilities, it is also closely related to Moscow's desire to avoid involvement in any dangerous situation created by any reckless actions on the part of Peiping and Moscow's reluctance to extend any automatic military commitments to China. This caution was also evident in Khrushchev's Peiping speech which carefully avoided anything resembling a Soviet commitment of support for China's claims to Formosa, promising only the support of the Soviet "people" (not government). He made no mention of the Sino-Soviet alliance in relation to Formosa, and Malenkov, Molotov, and Voroshilov pointedly ignored the Chinese ambassador's toast at the Chinese reception in Moscow to China's determination to liberate Formosa. Since that time, the most militant Soviet statement on this issue has been a repetition of a Chinese assertion that the "Chinese people" are strong enough to "liberate" Formosa.

Moscow and Peiping continued their joint efforts toward building up North Korea as a full-fledged satellite and as a buffer against the Western power complex centered in Japan. The Communist leaders apparently regard the Korean situation as relatively stable. Their proposals on the Korean question at the Geneva conference were quite similar to the Soviet plan for Germany and indicated no greater interest in serious negotiations for a settlement. Recently, the North Korean regime has increased its appeals to South Korea for economic and cultural exchanges between the two parts of the country.

Soviet efforts to encourage and exploit deeply rooted conflicts of interest within the non-Communist world and to foster sentiment for a neutralist position and a modus vivendi with the Soviet world have been powerfully reinforced by the emergence of increased Soviet nuclear capabilities against which Western Europe and Japan have no defense except the prospect of American retaliation. These peoples have been reminded by the USSR that while the United States may hope to survive an atomic war, Britain, France, Germany and Japan cannot. Moscow would like to persuade these peoples that they have a choice between certain destruction as allies of the United States and possible survival as "neutrals" in a war which would be decided not by them but by combat between the two great atomic powers. This theme, however, has not been developed systematically by Soviet propagandists and there has been no open effort to use Soviet nuclear capabilities as a weapon of direct intimidation to compel acquiescence to Soviet demands.

~~CONFIDENTIAL~~